



PSC NEWS

Missouri Public Service Commission

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FOR IMMEDIATE RELEASE

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NATURAL GAS BILLS TO DROP FOR SOUTHERN MISSOURI GAS COMPANY CUSTOMERS

JEFFERSON CITY—To reflect estimated changes in the wholesale cost of natural gas as well as a change in the Company's Actual Cost Adjustment (ACA) factor, Southern Missouri Gas Company, L.P. customers will see natural gas bills drop by approximately 3% under a filing which will take effect on November 1, 2006.

The ACA factor is a mechanism which tracks any over-collection or under-collection of actual natural gas costs over a 12 month period. The net over- or under-collected balances are subsequently either refunded or collected the next year.

A residential customer currently pays approximately \$1.00 per Ccf (per 100 cubic feet of gas). Under this filing, the rate will drop to approximately \$0.95 per Ccf, a reduction of approximately \$0.05 per Ccf.

Approximately 65% to 75% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated natural gas companies make prudent decisions in securing natural gas supplies for their customers.

Southern Missouri Gas Company serves approximately 7,250 natural gas customers in the Missouri counties of Wright, Texas, Webster, Howell and Douglas.